



Irish Life Weekly Investment Bulletin

The week that was – WEEK 24 (ending 16/06/2017)

"Time wounds all heels." – Groucho Marx

Central Bank highlights global and domestic risks – The Central Bank of Ireland has highlighted in its 2017 Macro-Financial Review that uncertainty continues to dominate the global economic outlook and that the impact of Brexit on the Irish economy both in the short and long term is likely to be negative and material.

Fed increases U.S. interest rates by 0.25% – The Federal Open Market Committee (FOMC) raised rates by 0.25% as expected and also maintained its projection for another rate increase in 2017. They also outlined their plans to begin unwinding their \$4.5 trillion balance sheet, one of the legacies of the 2008 financial crisis.

Global stock market down 0.2% on the week – The MSCI AC World TR Index fell over the week as it showed a return of -0.18% from 9th June to 16th June despite the Dow Jones Industrial Average setting a record high during the week but mega-cap technology shares fared poorly for the second consecutive week.

Latest Greece bailout deal averts default – The eurozone's 19 finance ministers and International Monetary Fund chief Christine Lagarde agreed a payout of €8.5bn which means Athens not defaulting in July and avoids another debt crisis. The discussions to consider cutting Greece's debt have been postponed to August 2018.

IMF raises China growth outlook but says reforms needed – The International Monetary Fund forecast that China's gross domestic product would grow 6.7% this year compared to previous estimate of 6.6%. It also warned that China required "deep reforms" while growth is strong to avoid sharp adjustments in the future.

U.K. inflation jumps to 4-year high of 2.9% – The Office for National Statistics (ONS) reported that yearly inflation in May was 2.9%, its highest level since June 2013 as rising import costs hit consumers. Three members of the eight-member Monetary Policy Committee voted to raise interest rates which caused surprise.

The Story of the week: The team behind 'Thunder Child', the new, sleek, cutting edge €1m wave-piercing James Bond-style interceptor boat built by Safehaven Marine in Cork, will put the vessel on public display in Cobh on Sunday as they make final preparations for their epic-round Ireland voyage. Equipped with wave-piercing technology and surface-drive propulsion, and bristling with hi-tech gear including HD radar, high-spec thermal night vision cameras and special shock-mitigation seating, it is built of advanced lightweight cored composite materials, making it both strong and light. It is fitted with long-range 5,000 litre fuel tanks allowing a range of over 750 nautical miles. The epic 'long-way round' voyage will involve a 1,000km journey into the Atlantic.

DISCLOSURE: Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland. While Irish Life Investment Managers uses reasonable efforts to ensure that the information contained in this document is current, accurate and complete at the date of publication, no representations or warranties are made (express or implied) as to the reliability, accuracy or completeness of such information. Irish Life Investment Managers therefore cannot be held liable for any loss arising directly or indirectly from the use of, or any action taken in reliance on, any information contained in this document. This material is for information only and does not constitute an offer or recommendation to buy or sell any investment, or subscribe to any investment management or advisory service. The performance shown represents past performance and does not guarantee future results. Past performance is not indicative of future results.

Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 16/06)
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	9.7
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	8.6
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	6.8
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	9.9
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	9.7
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	14.3
Nikkei 225	22.9	56.7	7.1	9.1	0.4	4.3
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	12.2
Eurozone Government Bonds 1–5 yr	5.9	2.1	3.4	1.0	0.9	0.0
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.2
German	1.4	1.9	0.5	0.6	0.2	0.3
UK	1.9	3.0	1.9	1.9	1.2	1.0
Japan	0.7	0.7	0.3	0.2	0.0	0.1
Ireland	4.5	3.4	1.3	1.1	0.7	0.7
Italy	4.6	4.1	2.1	1.6	1.8	2.0
Greece	12.7	8.2	9.6	7.9	7.1	5.7
Portugal	6.9	6.1	2.7	2.5	3.8	2.9
Spain	5.4	4.1	1.6	1.7	1.4	1.4
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	1.25
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/\$)	1.31	1.37	1.21	1.09	1.04	1.12
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.88
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.28
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	2.0% (to end of Q1)
U.K.	2.7	10.7	17.8	13.1	3.6	2.3% (to end of Q1)
U.S.	5.3	11.4	11.2	12.1	7.8	1.6% (to end of Q1)

*Past performance is not a reliable guide to future performance